



MAKING CHOICES THAT COUNT



Main version
May 2005

Why Retirement Choice?



- Plan changes respond to your requests for
 - flexibility to retire earlier
 - benefits that grow more earlier in career... even if you have to share more of the cost
- Choice for Plan A participants before March 1, 2005 to recognize
 - different stages in career with County
 - different priorities

Shelby County Retirement Plans – September 1, 2005



Plan C (new)	<ul style="list-style-type: none">• Employees hired or rehired on or after 3/1/2005• Plan A participants as of 2/28/2005 choosing Plan C
Plan A (current)	<ul style="list-style-type: none">• Plan A participants as of 2/28/2005 choosing Plan A
Nationwide Deferred Compensation Plan	<ul style="list-style-type: none">• All eligible employees, regardless of Plan A or Plan C choice

Our Focus Today



- Basic features – Plan A and Plan C
- Key decision factors
- Choice tools and resources
- How to submit your choice
- Your questions



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Plan A and Plan C ...
The Basics

How Benefits Grow: Plan A



Fully paid by Shelby County

Final average earnings
(36 consecutive months' highest average pay)
X
percentage (1.5% to 90%)
reflecting age and service
at retirement

How Benefits Grow: Plan A Example



Unreduced Age 65 Benefit

Years of credited service	Benefit as percentage of pay
7.5	11.5%
15	27.5%
20	40%
25	55%
30	70%
35	82.5%
38 or more	90%

How Benefits Grow: Plan C



*Account-based approach
funded by you and Shelby County each year*

You contribute 6% of pre-tax pay

+

County adds 3% of pay

+

Account grows with 5% annual interest

How Account Grows: Plan C Example



Year	Pay	6% employee contribution	3% County match	5% annual interest	Account balance at year-end
1	\$45,000	\$2,700	\$1,350	\$75	\$4,125
2	\$45,900	\$2,754	\$1,377	\$283	\$8,539
3	\$46,818	\$2,809	\$1,405	\$505	\$13,258

Plan C Retirement Benefit



Monthly benefit is the greater of:

Formula benefit

Final average earnings
(36 consecutive months' highest
average pay)

X

years of credited service
(up to 35 years)

X

2.35%

(17.6% minimum; 82.5% maximum)

Account-based benefit

Produced by

- Your contributions
- County contributions
- Interest earnings

When Benefits Are Paid



Plan A

Unreduced ... at or after age 65

Reduced ... early as age 55 with 7½ years of service

Plan C

Unreduced ... at or after age 65, or any age with 25 years of service

Reduced ... early as age 55 with 7½ but less than 25 years of service

Comparing Plan A and Plan C ...

Unreduced Retirement Benefits



Years of credited service	Plan A as % of pay	Plan C as % of pay
7.5	11.5%	17.6%
15	27.5%	35.3%
20	40%	47%
25	55%	58.8%*
30	70%	70.5%*
35	82.5%	82.5%*
38 or more	90%	82.5%*

**Unreduced benefit payable at any age after transition period with 25 years of service.*

How Benefits Are Paid



Plan A

- Generally as a monthly benefit
- Can be paid as lump sum if value less than \$35,000 and you are under age 55
 - In place of all monthly benefits
 - No retiree medical coverage

Plan C

- Generally as a monthly benefit
- Up to \$50,000 can be paid as lump sum
 - In place of monthly benefit it represents
 - Any remaining value paid as monthly benefit
 - If all paid lump sum, no retiree medical

Vesting



- Your right to a retirement plan benefit
- 7½ years of credited service (Plan A: also age 65)
- If you leave before you are vested:

Plan A

- No benefit before you're vested

Plan C

- Your 6% of pay contributions returned to you with interest

Survivor Benefits



Both plans provide:

- Pre-retirement death benefits

Plan A

- To dependent children first, then spouse of at least three years

Plan C

- To dependent children and spouse of at least three years at same time
- To named beneficiary if not married

- Benefits after retirement based on payment option you select

For Both Plans ...



- Final average earnings:
 - Average monthly pay for highest paid 36 consecutive months at Shelby County
 - W-2 earnings plus pre-tax deductions
 - Not including overtime, unused sick day payment or other extra compensation
- Cost-of-living adjustments:
 - Up to 4% a year based on CPI increases for benefits paid after age 65



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Key Decision Factors

Key Decision Factors



- How long do you plan to work at Shelby County?
 - Will you complete the transition period for Plan C?
 - When do you want to retire?
 - Would you take advantage of “25 and out”?
- What are your retirement goals?
 - How much retirement income do you need?
 - What could your Plan A and Plan C benefits be?
 - Is a lump sum option important?
- Are you willing and able to contribute?
 - Plan C requires you to contribute 6% of pay until the end of your Shelby County career

Our Choice Makers



Mark

- Age 35
- 5 years of service
- Earns \$30,000
- Unmarried

Cindy

- Age 45
- 20 years of service
- Earns \$30,000
- Married with two children; the youngest starts college next year

Consider How Long You'll Stay



- Transition period
 - Contributions to Plan C for 5 years to be eligible for Plan C benefits ... including any County match on their behalf
- When you plan to retire
 - Plan C provides its best benefits at 25 years of service
 - Between 55 and 65:
 - Reduced Plan A benefits
 - Unreduced Plan C benefits with 25 or more years of service
 - Closer to age 65, Plan A are about the same as Plan C, but without any required contributions

Consider How Long You Plan To Work For Shelby County



Mark

Age 35, 5 years of service, earns \$30,000

- ✓ Plans to stay another 2-5 years, then open his own business

Plan A or Plan C

If Mark stays another ...	Plan A	Plan C
2½ years ... to be vested	\$5,500 lump sum*	\$5,000* returned contributions with interest plus Plan A lump sum*
5 years ... to complete transition	\$7,500 lump sum*	\$15,500 lump sum*
*Before taxes are applied		

Consider How Long You Plan To Work For Shelby County



Cindy

Age 45, 20 years of service, earns \$30,000

- ✓ Plans to stay until child finishes college – when she's 50

Work to age ...	Plan A	Plan C
50	no monthly benefit until 55	\$1,559 per month
55	\$1,538 per month	\$2,065 per month
65	\$3,214 per month	\$3,357 per month

Plan C

Consider How Much Retirement Income You Need



- Consider ...
 - Living expenses
 - Retiree medical care
 - Travel or hobbies
 - Other needs or priorities
- Think about ...
 - Assets
 - Income sources ...
including Retirement and
Nationwide Deferred
Compensation Plan
- Don't forget inflation

***Financial
experts say
70-80% of pre-
retirement
income***

Needed Retirement Income



Mark

Age 35, 5 years of service, earns \$30,000

- ✓ Has a hard time thinking that far out, but knows that he'll need money to start his business

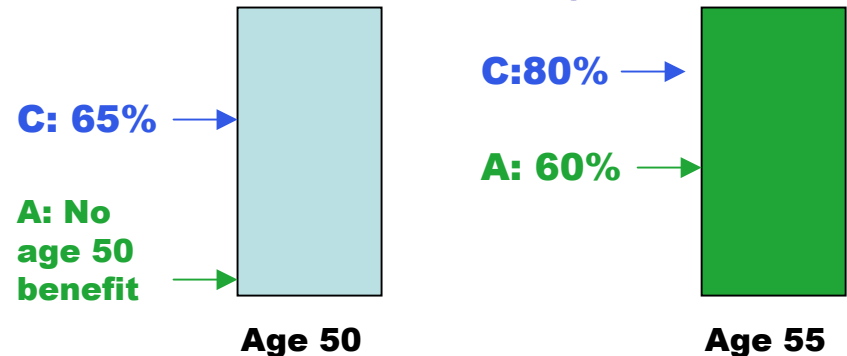
Plan A or Plan C

Cindy

Age 45, 20 years of service, earns \$30,000

Target = 80% of working pay

Benefit as a % of target: =



Plan C

Shelby County Retirement Choice

Consider Your Willingness and Ability to Contribute



- **Affordability**
 - Can you afford contributions equal to 6% of pay?
Now? in the future?
- **Value**
 - Does Plan C deliver enough potential value to you that you're willing to contribute 6% of pay to join?
- **Flexibility**
 - If you select Plan C, you must stay in Plan C for your Shelby County career
 - Consider the Nationwide Deferred Compensation Plan, where you can change your contributions

Nationwide Deferred Compensation Plan



- Save pre-tax dollars for retirement
 - **Contribute up to 100% of includable compensation up to IRS annual limit (\$14,000 in 2005)**
 - **Decide how to invest in funds the plan offers**
- Account balance accumulates while you're at County – can follow if you leave
- Plan allows emergency hardship withdrawals while you're working

Willing and Able To Contribute?



Mark

Age 35, 5 years of
service, earns
\$30,000

- ✓ Likes flexibility of
Nationwide Plan
contributions given
uncertainty about
his future

Plan A

Cindy

Age 45, 20 years of
service, earns
\$30,000

- ✓ Currently saves
10% of pay in
Nationwide
Deferred
Compensation Plan

Plan C

How Would You Decide?



	<i>Mark</i>	<i>Cindy</i>
How long will they work at the County?	10 years/age 40 ✓ Plan A or C	25-30 years/age 50-55 ✓ Plan C
Needed retirement income?	Too far away – needs cash for own business ✓ Plan A or C	80% of pre-retirement pay ✓ Plan C
Ability/willingness to contribute?	Likes flexibility of Nationwide ✓ Plan A	Able and willing ✓ Plan C
Choice	Plan A	Plan C



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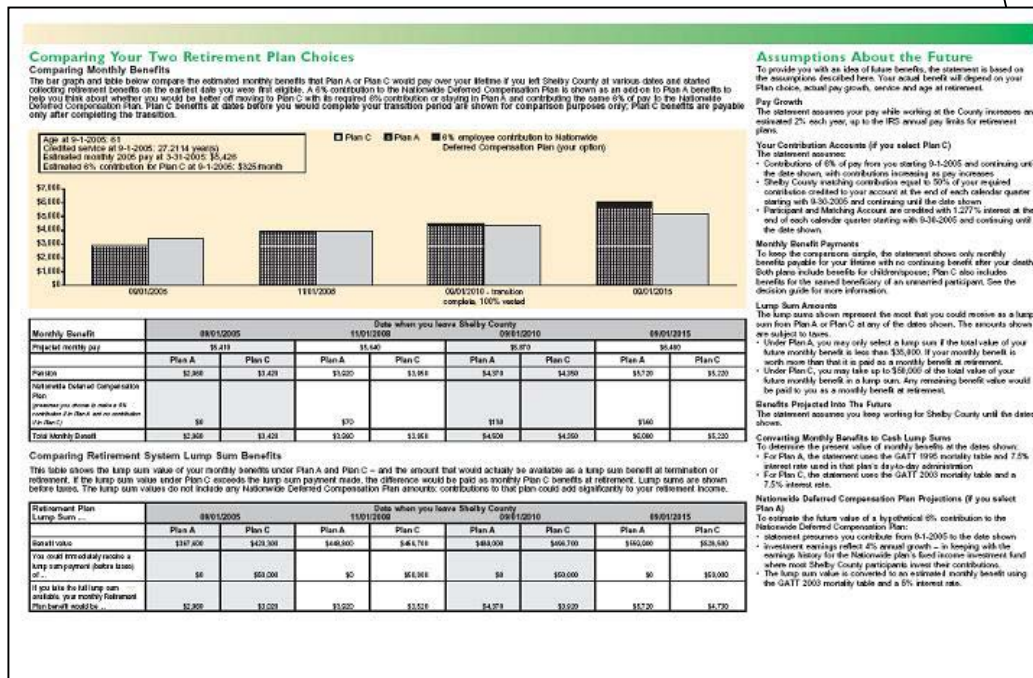


Choice Tools and
Resources

Your Retirement Choice Resources

• Retirement Choice Decision Kit

- Decision guide
- Personal statement



Shelby County Retirement Choice



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Decision Guide

Shelby County Retirement Choice

Your Retirement Choice Resources



Online Retirement Choice Tool

www.shelbycountyretirementchoice.com

- Confidential
- Personalized
- Available 24/7 through Internet ... starting at 8 a.m. on May 31, 2005
- Requires employee ID and password

Shelby County Retirement Choice Tool
MAKING CHOICES THAT COUNT

Welcome | Instructions | Disclaimer | Log Out

REMINDERS

You must select Plan A or Plan C by midnight Central time, July 22, 2005. Once that deadline passes, your plan choice is irrevocable and cannot be changed.

You may, however, make unlimited changes to your choice before the July 22, 2005 deadline.

WELCOME

Between now and July 22, 2005, you must choose between two Shelby County retirement plans – Plan A and Plan C. This is an important choice that will help determine the financial resources available to you in the future.

Beginning September 1, 2005, here's how the two plans will look:


Plan A ... current	Plan C ... new
• retirement with unreduced Plan A monthly benefits - age 65	• retirement with unreduced Plan C monthly benefits - age 65 or any age after 25 years of credited service ... based on the better of the plan formula or the value of your retirement account (including 6% employee contribution plus 3% County matching contribution and 5% annual interest)
• retirement with reduced benefits - ages 55-64 with 7½ years of credited service or more	• retirement with reduced benefits - ages 55-64 with 7½ but less than 25 years of credited service
• no employee contributions	• 6% employee contribution ... matched with 3% County contribution, credited with 5% annual interest
• benefit not portable if its value is \$35,000 or more; stays in plan until death or disability	• benefit portable if you leave the County after completing transition period - 180 days

Shelby County Retirement Choice

Your Retirement Choice Resources

Online Retirement Choice Tool

What You Provide



Shelby County Retirement Choice Tool
MAKING CHOICES THAT COUNT

Welcome | Instructions | Disclaimer | Personal Data | Assumptions | Results | Choice

DEFAULT ASSUMPTIONS

The percentages shown are the "default" assumptions. These provide you one scenario for modeling your retirement plan options.

ASSUMPTIONS

Economic conditions, your career situation and your termination and retirement age affect your future benefit from Plan A or Plan C. Your assumptions will affect comparison of these different retirement options. In addition, the annual investment return on your Deferred Compensation Plan account can affect income you have at retirement.

To help you compare the options and plan for the future:

- you can pick the age at which you might leave employment with the County three retirement ages
- this tool compares benefits under Plans A and C
- the tool also shows a 6% contribution to the Nationwide Deferred Compensation Plan as an add-on to Plan A benefits to help you think about whether you will move to Plan C with its required 6% contribution or staying in Plan A contributing the same 6% of pay to the Nationwide Deferred Compensation Plan

To adjust the assumptions used in the estimates - and see the available benefits for both options - click the drop down arrow next to each assumption on the left.

Your Assumptions

Estimated rate of future pay increases

Annual rate of investment return (for Deferred Compensation Plan projections only)

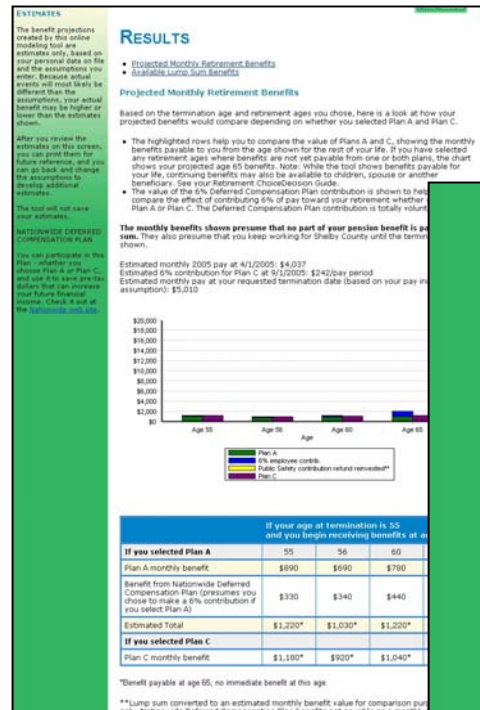
Age you plan to leave employment with the County

Age you plan to begin pension payments (Retirement Date #1)

Age you plan to begin pension payments (Retirement Date #2)

Age you plan to begin pension payments (Retirement Date #3)

[Show me other assumptions](#)



What You See

Available Lump Sum Benefits

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Human Resource Consulting

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Your Retirement Choice Resources



- FAQs
- Your Payroll Representative
- Retirement Office
 - (901) 545- 4200
 - Monday – Friday, 7:30 a.m. to 4:30 p.m.
 - After hours and weekends – messages will be returned within 24 hours



MAKING CHOICES THAT COUNT



**Submitting Your
Choice**

Making Your Retirement Choice



- Everyone must make a choice
 - no later than midnight Central time on July 22, 2005
- All choices to be submitted online
- If you don't have Internet access
 - use a County kiosk
 - see your Payroll Representative

A screenshot of a web application for making a retirement choice. The top navigation bar includes links: Welcome, Instructions, Disclaimer, Personal Data, Assumptions, Results, Choice (highlighted), and Log Out. The main content area is titled 'CHOICE' and contains a 'READY TO CHOOSE?' section with a list of requirements: 'Have you: Read your Retirement Choice Program Decision Guide? Reviewed your Personal Choice Statement? Attended a meeting? Had your questions answered? Thought about retiree health care and how it affects your choice? Used the Modeling Tool to compare your options?'. To the right, under the 'CHOICE' heading, is a 'Make Your Choice' section with two radio button options: 'Plan A (current)' and 'Plan C (new)'. Below these options is a paragraph explaining eligibility for Plan C and a 'Next >' button.

Confirming Your Retirement Choice

A screenshot of the 'Shelby County Retirement Choice Tool' website. The header features a hot air balloon illustration on the left, the title 'Shelby County Retirement Choice Tool MAKING CHOICES THAT COUNT' in the center, and the Shelby County Seal on the right. A navigation bar below the header contains links: Welcome, Instructions, Disclaimer, Personal Data, Assumptions, Results, Choice, and Log Out. The main content area is titled 'CHOICE' and contains the following text: 'Thank you. You have chosen Plan C', 'If you later change your mind, you can enter a new choice any time before 12:00 midnight Central time on July 22, 2005. The last choice that you enter before that time will be saved and will take effect on September 1, 2005, as long as you are still employed by the County at that time.', and 'You will receive a written confirmation of your choice by August 12, 2005.' At the bottom of the main content area is a link: 'Click here to make a change to your choice.'

- Online ...
when you
make a
choice
- Confirmation
statement ...
by 8/12/2005
 - **Beneficiary
form – Plan C**

When Your Choice Takes Effect



Effective date: September 1, 2005

- If you select Plan A
 - **Nothing changes**
- If you select Plan C
 - **Contributions begin with September 15 paycheck**
 - **Any Plan A employee contribution account balances move to Plan C as opening balance**



MAKING CHOICES THAT COUNT



Questions